



J. TYLER McCaULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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October 20, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **TELECARE CORPORATION CONTRACT COMPLIANCE REVIEW –
MENTAL HEALTH SERVICE PROVIDER**

We have completed a contract compliance review of Telecare Corporation (Telecare or Agency), a Department of Mental Health (DMH) service provider.

Background

DMH contracts with Telecare, a private, for-profit, community-based organization, which provides services to clients countywide. The services that Telecare provides include interviewing program clients, assessing their mental health needs, and developing and implementing a treatment plan. The Agency's headquarters is located in Alameda County.

Our review focused on approved Medi-Cal billings where at least 35% of the total service cost was paid using County General Funds. DMH paid Telecare between \$1.01 and \$2.28 per minute of staff time (\$60.60 to \$136.80 per hour) and \$318.61 per day for services that received this type of funding. DMH contracted with Telecare to provide approximately \$6.8 million in services for Fiscal Year 2005-06.

Purpose/Methodology

The purpose of the review was to determine whether Telecare provided the services outlined in their contract with the County. We also evaluated whether the Agency achieved planned service levels. Our monitoring visit included a review of a sample of Telecare's billings, participant charts, and personnel and payroll records. In addition,

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we interviewed staff from Telecare and interviewed a sample of clients or their parent/guardian if the participant is a minor.

Results of Review

Telecare provided the program services billed to DMH and the clients interviewed stated that the services they received met their expectations. However, Telecare did not sufficiently document 3,482 (38%) of the service minutes sampled. For example, the Agency billed 1,748 minutes for mental health services in which the Progress Notes did not describe what the clients or service staff attempted and/or accomplished towards the clients' goals.

The Agency also did not complete Client Care Plans for 9 (25%) of 36 clients sampled in accordance with the County contract. Specifically, three Client Care Plans did not contain a goal for each type of treatment provided, and six Client Care Plans did not contain observable and/or quantifiable goals.

We have attached the details of our review, along with recommendations for corrective action.

Review of Report

We discussed the results of our review with Telecare on August 7, 2006. In their attached response, the Agency generally agreed with the results of our review and described their corrective actions to address the findings and recommendations contained in the report.

We thank Telecare management for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Dr. Marvin J. Southard, Director, Department of Mental Health
Anne L. Bakar, President & CEO, Telecare Corporation
Public Information Office
Audit Committee

**COUNTYWIDE CONTRACT MONITORING REVIEW
FISCAL YEAR 2005-2006
TELECARE CORPORATION**

BILLED SERVICES

Objective

Determine whether Telecare Corporation (Telecare or Agency) provided the services billed in accordance with their contract with Department of Mental Health (DMH).

Verification

We judgmentally selected 9,176 minutes from 167,203 service minutes and 127 days from 484 service days of approved Medi-Cal billings to DMH where at least 35% of the total service cost was paid using County General Funds. We reviewed the Progress Notes, Assessments, and Client Care Plans, maintained in the clients' charts for the selected billings. The 9,176 minutes and 127 days represent services provided to 36 program clients.

Although we started our review in April 2006, the most current billing information available from DMH's billing system was September and October 2005.

Results

Telecare insufficiently documented 3,482 (38%) billed minutes. Specifically, we noted the following:

- The Agency billed 1,748 minutes for Mental Health Services in which the Progress Notes did not describe what the client or service staff attempted and/or accomplished towards the client's goals.
- The Agency billed 951 minutes for Mental Health Services but the Progress Notes did not describe assessment, therapy, rehabilitation, collateral or plan development, as required.
- The Agency billed 650 minutes for services in which the Progress Notes did not contain a procedure code to identify the type of service.
- The Agency billed 133 minutes for Medication Support Services in which the Progress Notes did not contain a description of the client's response to the medication, side effects and compliance with the medication regiment.

In addition, Telecare billed DMH at a rate higher than the contract allows for 199 minutes. Specifically, the Agency provided Mental Health Services and billed for Medication Support Services. The amount of the over billing totaled \$211.

Client Care Plans

Telecare did not complete Client Care Plans for 9 (25%) of the 36 clients sampled in accordance with the County contract. Specifically, three Client Care Plans did not contain a goal for each type of treatment provided, and six Client Care Plans did not contain observable and/or quantifiable goals. The Client Care Plan establishes goals and interventions to address the mental health issues identified in the client's Assessment.

Recommendations**Telecare management:**

1. Repay DMH \$211 for the amount over billed.
2. Maintain sufficient documentation to comply with contract requirements for the services billed to DMH.
3. Ensure that Client Care Plans are completed and contain specific quantifiable goals for all types of services provided.

CLIENT VERIFICATIONObjectives

Determine whether the program clients received the services that Telecare billed DMH.

Verification

We interviewed six clients to confirm that they were clients of Telecare and that they received the services that the Agency billed DMH.

Results

The six program clients interviewed stated that they received services from the Agency and the services met their expectations.

Recommendation

There are no recommendations for this section.

STAFFING LEVELS

Objective

Determine whether the Agency maintained the appropriate full-time equivalent staff at its Psychiatric Health Facility (PHF).

Verification

We selected ten days that Telecare billed for its PHF and reviewed the staff schedules, staff sign-in sheets, and client census reports for September and October 2005. We also reviewed staff timecards.

Results

Telecare did not maintain documentation to ensure that the PHF was appropriately staffed. Although Telecare maintains staff schedules for their licensed staff, the schedules do not identify the programs the staff were assigned.

Recommendation

4. Telecare management ensure that documentation is maintained to support appropriate staffing levels at the Psychiatric Health Facility.

STAFFING QUALIFICATIONS

Objective

Determine whether Telecare treatment staff possessed the required qualifications to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for 63 of 114 Telecare treatment staff for documentation to support their qualifications.

Results

Overall, Telecare's employees possessed the qualifications required to deliver the services billed.

Recommendation

There are no recommendations for this section.

SERVICE LEVELS

Objective

Determine whether Telecare's reported service levels varied significantly from the service levels identified in the DMH contract.

Verification

We reviewed Telecare Fiscal Year 2004-05 Cost Report and compared the dollar amount and billed units of service to the contracted units of service identified in the contract for the same period.

Results

Telecare operated within its contract amount of \$6.7 million. However, within specific service categories, Telecare provided 192,000 (39%) less Targeted Case Management service than contracted without prior written authorization from DMH. Agencies are required to request prior approval from DMH to ensure that the County authorizes all changes in contracted mental health services.

Recommendation

5. **Telecare management obtain written authorization from DMH prior to deviating from contracted service levels.**



TELECARE
CORPORATION

October 6, 2006

J. Tyler McCauley, Auditor-Controller
Countywide Contract Monitoring Division
Los Angeles County Department of Auditor-Controller
1000 S. Fremont Ave., Unit 51
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Dear Mr. McCauley:

On behalf of Telecare Corporation I would like to express our thanks and appreciation for the efforts put forth by your staff during this audit. We found them to be most helpful, courteous and most willing to listen and clarify questions. Telecare Corporation is committed to delivering excellent services to all of our members in the least restrictive, recovery focused manner possible. As such we take your recommendations most seriously and present the following as our plan of correction in response to your "Results of Review".

We have reviewed your recommendations carefully and have begun the necessary policy review and training to address the issues you have raised.

Documentation:

- Trainings will be conducted by the Administrator of each program on a twice yearly basis to ensure that each progress note sufficiently describes services provided to the client in support of client's identified goal. When services do not support the individual's goal but are essential for the continued well-being of the client overall, that service will be identified as deviating from goal and a full description of the need to provide service as well as client response will be documented in the progress note. Furthermore, The GIRP format for progress note documentation has been implemented by all of the outpatient programs. This should more cohesively incorporate the description of services provided to the members' in support of their goals.
- Services not describing assessment, therapy or rehabilitation will be identified as non-billable in the note. It must be noted that services to members in these programs are member driven and need to meet the Department of Mental Health's challenge of doing whatever it takes. At times this requires that services and or supports be provided that are outside of the narrow range addressed by members' identified goal.
- Training will be provided by the Administrator of each program to all staff at least one time per year as to necessity for all progress notes to correctly and accurately reflect the appropriate billing code that identifies the type of service provided to member. This ensures that IS billing will be accurate.

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Mr. J. Tyler McCauley
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- Psychiatrists will be trained by the Administrator and / or designee informing staff that all medication support services require documentation as to member response, side effects and compliance to medication regimen.
- There was one data entry error committed when one (1) note was improperly submitted for billing on IS as medication even though it was correctly coded in the progress note. This error caused an inadvertent over billing of \$211 which will be reimbursed to the Department of Mental Health by the Corporate Office upon presentation of an invoice.
- The above named trainings will also include a section on plan development and need to have quantifiable and measurable goals for each client.

Psychiatric Health Facility Staffing

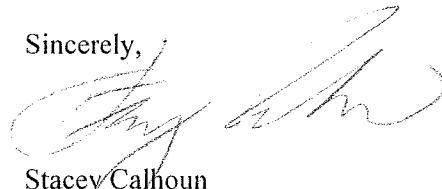
- Telecare Psychiatric Health facility (PHF) management will ensure that there is accurate documentation kept at the program that meets the full-time equivalent staffing levels. This documentation will reflect staff schedules, hours worked and which program worked, if the licensed employees work in more than one Telecare program.

Contract Service Levels

- Telecare Corporation contract monitoring will develop a quarterly system for contract amount deviations and request written authorization from LAC DMH to shift funds from targeted case management to mental health services categories.

We want to again thank the audit team for the professional manner in which they conducted the entire audit process. It was truly a learning experience because of their willingness to discuss issues, make suggestions and understand the many challenges we face in providing high quality services in a recovery focused manner.

Sincerely,



Stacey Calhoun
Vice President Program Operations
Telecare Corporation

cc: Ross Peterson
Marshall Langfeld
Dave Wytock
Rich Santoni
David Heffron
Oralia Van Leuven
LA Administrators